

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1564-01
Bill No.: HB 717
Subject: Business and Commerce; Energy; Taxation and Revenue - Sales and Use
Type: Original
Date: May 15, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$29,412) to (Unknown)	(Unknown)	(Unknown)
School District Trust	(Unknown)	(Unknown)	(Unknown)
Conservation	(Unknown)	(Unknown)	(Unknown)
Parks and Soil	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>All</u> State Funds*	(\$29,412) to (UNKNOWN)	(UNKNOWN)	(UNKNOWN)

* Expected to exceed \$100,000 annually.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue (DOR)** state this legislation, as worded, would create a sales and use tax exemption for sales of natural gas to industrial and commercial customers for the months of February to April and December of 2001 and January and February of 2002.

DOR assumes this legislation would not have an administrative impact on its agency if DOR is not tracking. However, if tracking of loss revenue is required by legislation, DOR will need to create an item tax for this exemption. MITS mainframe will need to be programmed to recognize the new item. The program changes will require approximately 727 hours of programming at a cost of \$24,569. State Data Center charges for implementation will be \$4,843.

Officials of the **Department of Natural Resources (DNR)** assume this bill suspends the state and local sales and use taxes on all sales of natural gas to commercial and industrial customers for the months of February, March, April, and December of 2001 and for the months of January and February of 2002. No direct fiscal impact to DNR.

Officials of the **Department of Economic Development, Public Service Commission** and the **Office of Public Counsel** assume this bill will not fiscally impact their agencies.

Officials from the **Office of Administration - Budget and Planning (BAP)** did not respond to our fiscal note request.

Since **Oversight** does not possess data to estimate the revenue loss from this sales tax exemption for natural gas to industrial and commercial customers during certain months, revenue losses have been stated as unknown, expected to exceed \$100,000 annually to all affected funds.

This proposal would result in a decrease in Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004
GENERAL REVENUE FUND			
<u>Cost</u> - Dept. of Revenue			
Programming costs	(\$29,412)	\$0	\$0
<u>Loss</u> to General Revenue			
Sales/use tax exemption	(Unknown)	(Unknown)	(Unknown)

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUNDS	<u>(\$29,412) TO</u> <u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
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Loss to Other State Funds:

School District Trust Fund	(Unknown)	(Unknown)	(Unknown)
Conservation Sales Tax Fund	(Unknown)	(Unknown)	(Unknown)
Parks and Soil Sales Tax Fund	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON ALL FUNDS*	<u>(\$29,412) TO</u> <u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
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***Expected to exceed \$100,000 annually**

<u>FISCAL IMPACT - Local Government</u>	FY 2002	FY 2003	FY 2004
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<u>Loss to Political Subdivisions</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
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FISCAL IMPACT - Small Business

Small businesses that use natural gas would benefit from this proposal.

DESCRIPTION

This bill suspends the state and local sales and use taxes on all sales of natural gas to commercial and industrial customers for the months of February, March, April, and December of 2001 and for the months of January and February of 2002.

The bill contains an emergency clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Economic Development
Public Service Commission
Department of Natural Resources

NOT RESPONDING: Office of Administration, Budget and Planning

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "Jarrett".

Jeanne Jarrett, CPA
Director

May 15, 2001